

## *Collection and Payment of Fees and Penalties*

### **31.000 Introduction**

This chapter discusses collection of fees. Refer to the Fees appendix, Appendix 1F, included with this handbook for fee amounts.

### **31.005 Dealer Responsibility for Fee Collection**

Dealers and lessor-retailers are responsible for collecting the proper fees from their customers and itemizing the fee amounts to be paid by the buyer. (CC §2982[a,2])

Buyers **cannot** be charged more than the amount required to complete the registration transaction. Buyers may be charged all fees due the department including fees for duplicates/substitutes and late penalties **unless** those penalties accrued through **no fault** of the buyer. Most fees paid by a dealer to avoid penalties may be charged to the buyer.

<b>NOTE:</b> Administrative Service Fees <b>cannot</b> be charged to the buyer.
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### **31.010 Dealer's Document Preparation Service Fee (VC §11713.1)**

Dealers may charge buyers a document preparation service fee **not** to exceed \$45. This fee is not required or collected by the department and it is unlawful to represent this charge as a governmental fee.

### **31.015 Smog Certification Fee (VC §11713.1 and H&SC §44060)**

Dealers may charge buyers a fee **not** to exceed \$50 for emission testing *plus* the actual fee charged for issuance of the smog certification.

### **31.020 Vehicle License Fee (R&TC §§10751–10753)**

A Vehicle License Fee (VLF) equal to 2% of the current market value of the vehicle is due upon original registration and registration renewal of a vehicle subject to registration upon the highways of this state.

**31.020 Vehicle License Fee, continued**

The “current market value” is determined based on the buyer’s cost of the vehicle as shown on the registration documents. The cost price:

- **includes** the full purchase price of the vehicle. **Do not** deduct the value or cost reduction represented by a trade-in or exchange of a vehicle.
- **does not** include any tax, smog certification costs, documentary preparation fees, license fees, and/or finance charges.

<b>NOTE:</b> The market value for a new or nonresident vehicle registered to the dealer is based on the cost price to the dealer.
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**Additional Information**—The following are assessed a modified vehicle license fee (VLF) or are exempt from the VLF.

- **Alternative Fuel Vehicles (AFV)**— Refer to Section 2.035 for information.
- **California Indian Tribes/Tribal Members Vehicles**—Refer to Section 2.090 for information.
- **Federally-Recognized Indian Tribe Vehicles (VC §9104.5 and R&TC §10781.1)**—Refer to Section 2.095 for information.
- **Historical Vehicles (VC §5004 and R&TC §10753.5)**—Refer to Section 14.120 for information.
- **Nonresident Military (NRM) Personnel Vehicles**—Refer to Section 2.110 for information.
- **Specialized Transportation Vehicles**—Refer to Section 2.085 for information.

**31.025 Vehicle License Fee Reduction (Offset) (VC §§9551.1, 9554.1, and R&TC §10754)**

Automobiles, trucks, trailers, and motorcycles subject to **regular** registration fees receive an annual reduction in the Vehicle License Fee (VLF) due. The VLF offset for registration fees due:

- on or after July 1, 2001, is 67.5%.
- between January 1, 2000 and June 30, 2001, is 35%.

The VLF offset **does not** apply to vehicles **not** assessed VLF and vehicles assessed a fixed VLF. This includes vehicles assigned Congressional Medal of Honor, Disabled Veteran, Ex-POW, Horseless Carriage, Historical Vehicle, or Exempt plates as well as mopeds, specialized transportation vehicles, privately-owned school buses, special equipment, and vehicles owned by nonresident military personnel and Indian tribes and/or tribal members.

**31.030 Vehicle License Fee Classification**

The department assigns a two-letter vehicle license fee (VLF) classification based on the cost price of the vehicle to the buyer. The assigned VLF classification and the year first sold **or** the asterisk year (\*YR), if present, are used to determine the annual VLF amount while the vehicle is owned by the buyer.

**Asterisk Year Assigned**—An asterisk year (\*YR) is assigned when a different year than the year first sold must be used to determine the VLF. The \*YR starts a new VLF depreciation schedule for the vehicle and is assigned:

- When a nonresident vehicle is registered to someone other than the original buyer of the vehicle when it was new.
- When an alteration, addition, or modification of a California-registered vehicle places it in a different VLF classification.
- When a California-registered vehicle is transferred to a new owner.

**EXCEPTIONS:** An asterisk year is not assigned on:

- Transfer of a leased vehicle from the lessor to the lessee.
- Transfer of a repossessed vehicle to the reposessor.
- Transfers between certain family members who are exempt from use tax.
- Transfer of a vehicle to the insurance company after a total loss settlement.
- Vehicles being junked.

**New Commercial Vehicles**—Include the federal excise tax (FET) in the cost price upon the first retail sale of a truck or truck chassis with a Gross Vehicle Weight (GVW) of 33,001 pounds or more or a trailer or trailer chassis with a GVW of 26,001 pounds or more. The FET is not included for sales or use tax purposes.

When an incomplete new commercial vehicle to be altered or modified before registration is sold and delivered to the buyer, enter the cost of the cab and chassis or chassis only on the Application for Registration of New Vehicle (REG 397) as explained in Section 2.145.

**31.035 Vehicle License Fee Rate Table (REG 360)**

The department publishes the Vehicle License Fee Rate Table (REG 360) which lists the VLF classifications and the corresponding fees. You may obtain a copy of the REG 360 by submitting a written request to:

Department of Motor Vehicles  
Forms and Accountable Items Section MS G202  
PO Box 932382  
Sacramento, CA 94232-3820

**31.040 Determining the Vehicle License Fee Amount**

Use the Vehicle License Fee Rate Table (REG 360) to determine the VLF due.

**Original Registration Applications**—Upon the first retail sale of new vehicle or initial registration of a nonresident vehicle:

- Locate the cost price of the vehicle in the far left column under “Cost.”
- Locate the two-letter alpha class in the adjacent column. **For example:** \$3479 is within the bracket \$3400 – \$3599.99 and is assigned the VLF Class “AW.”

**Full-year VLF** is due on all original registration applications, registration renewals, and transfers.

**Prorated VLF** is due on a transfer from nonresident military (NRM) ownership to regular registration. VLF prorated from the month of transfer by the NRM owner through the vehicle expiration date is due from the buyer. Prorate the fee using the “Monthly Prorated Vehicle License Fees” side of the VLF Rate Table as follows:

- Determine what the full-year VLF amount is **and** locate that amount under the 12th month column.
- Prorate that fee for the specific number of months by counting (from right to left) the number of months required.

**NOTE: Do not** prorate the VLF due on an application for partial-year registration (PYR) of a new commercial vehicle. Only the weight fee is prorated for the number of months the vehicle will be operated.

**31.045 Payment of Fees (VC §§5902.5 and 9550)**

All fees required to be paid for registration of a vehicle must be paid within 20 days of the date the fees became due or the fees are subject to a late penalty. (VC §9550)

Any application presented within 30 days of the registration expiration date **must** include the registration renewal fees in addition to any other fees due. (VC §5902.5)

**31.050 Computation of Fees and Penalties (VC §9559)**

No single fee or penalty shall be less than \$1. When any registration fee, weight fee, or penalty computation results in a fraction of a dollar and the odd-cents amount is:

- \$0.49 or less, round down the full dollar (\$ 22.35 = \$ 22).
- \$0.50 to \$0.99, the fee increases to the next full dollar (\$ 22.60 = \$ 23).

**31.055 Penalties (VC §§9552–9554.5 and 9561 and R&TC §10854)**

A late penalty is assessed whenever fees **are** due and **not** paid as required. The penalty is assessed at a rate based on the extent of the delinquency.

**Exceptions**—A penalty **is not** assessed in the following situations:

- When the fees for an application for original California registration of a new vehicle are paid within 20 days of the date fees become due.
- When a California dealer or lessor-retailer submits the fees and application for registration or transfer of a used vehicle within 30 days from the date of sale. (VC §9553c,1) This **includes** nonresident vehicles and vehicles on which the registration expires while in the dealer inventory.
- When a transferee acquires a vehicle and the registration subsequently expires, **and** the transferee pays the renewal fees within 20 days from the transfer date.
- When a legal owner or its agent repossesses a vehicle **and all** renewal fees due are paid within 60 days of the repossession date.
- When a repossessed vehicle is sold through a motor vehicle auction dealer **and all** renewal fees due are paid within 60 days of sale at auction.
- When a garage or storage facility keeper establishes a lien against a vehicle and the registration expires while in the garage/storage facility keeper's possession.
- When a Certificate of Non-Operation (REG 102) is acceptable **and** renewal fees are paid on or before the date of first operation of the vehicle.
- When the registration expiration date or the last penalty-free date falls on a Saturday, Sunday, or state holiday, **and** the fees are paid on the next business day.

**31.060 Determination of Penalty Due Dates**

Use the Table of Penalty Dates appendix, Appendix 1D, to determine if registration or transfer penalties are due. When determining if a transfer penalty is due, the date of transfer is considered to be the day the transferee receives the properly endorsed Certificate of Title from the previous owner.

When computing any penalty period, always use the same formula reflected in the Table of Penalty Dates and **do not** count the first day.

**IMPORTANT:** The penalty-free period is extended to include the next business day when the last penalty-free day is a Saturday, Sunday, or state holiday.

Dealer violations may also be determined. Locate the date of sale in Column 1 and:

- **New Vehicles**—Column 4 (20 days) and Column 6 (40 days).
- **Used Vehicles**—Column 5 (30 days) and Column 7 (50 days)

**NOTE:** When the title for a vehicle is held by DMV on the actual date of sale, the 20-day period starts the date the Certificate of Title is issued by DMV.

**31.065 Calculating Penalties**

The statutes regarding penalty assessment changed January 1, 2003.

The penalty structure for renewal or original registration **fees due on or after January 1, 2003**, separates the registration fee from the vehicle license fee (VLF) and any weight fee due. A flat penalty is assessed on the registration fee and the penalty on the VLF and weight fee is a percentage of their total.

**Original Applications**—On late original applications with a **January 1, 2003**, or later “fee due date” or “date of first operation,” calculate the penalties as follows :

<i><b>If the payment is late:</b></i>	<i><b>the penalty will be the sum of:</b></i>
one year or less	\$30 registration fee penalty. 40% of the VLF due for that year. 40% of the weight fee due for that year, if any.
more than one year to (and including) two years	\$50 registration fee penalty. 80% of the VLF due for that year. 80% of the weight fee due for that year, if any.
more than two years	\$100 registration fee penalty. 160% of the VLF due for that year. 160% of the weight fee due for that year, if any.

**Renewal Applications**—On late renewal applications with a January 1, 2003, or later expiration date, calculate the penalties as follows

<i><b>If the payment is late:</b></i>	<i><b>the penalty is the sum of:</b></i>
1 to 10 days*	\$10 registration fee penalty. 10% of the VLF due for that year. 10% of the weight Fee due for that year, if any.
11 to 30 days*	\$15 registration fee penalty 20% of the VLF due for that year. 20% of the weight fee due for that year, if any.
31 days to (and including) one year*	\$30 registration fee penalty. 60% of the VLF due for that year. 60% of the weight fee, due for that year, if any.
more than one year to (and including) two years	\$50 registration fee penalty. 80% of the VLF due for that year. 80% of the weight fee due for that year, if any.
more than two years	\$100 registration fee penalty. 160% of the VLF due for that year. 160% of the weight fee due for that year, if any.

**NOTE:** \*The 10% and 20% penalty rates apply only to vehicles with PNO status or continuously registered (in other words, just expired).

**31.065 Calculating Penalties, continued.**

**PNO Penalties (VC §4604.5)**—A Planned Non-Operation (PNO–REG102) may be filed up to 90 days after the registration expiration date if the vehicle was not operated in any manner, but appropriate late penalties are due as shown above in addition to the PNO filing fee. Refer to Section 1.045 for PNO information.

The penalty structure for renewal or original registration **fees due on or before December 31, 2002**, is a percentage of the combined registration fee, vehicle license fee (VLF), and weight fee, if any, as follows:

<i><b>If the payment is late:</b></i>	<i><b>then the penalty rate is:</b></i>
1 to 10 days	10%
11 to 30 days	20%
31 days to (and including) one year	60%
more than one year to (and including) two years	80%
more than two years	160%

**NOTE:** \*The 10% and 20% penalty rates apply only to vehicles with PNO status or continuously registered (in other words, just expired).

**Certificate of Non-Operation (CNO–REG 102)**—A CNO generally is **not** accepted for waiver of penalties and **does not** affect the penalty rate. Refer to Section 1.040 for CNO information

**Transfers**—A transfer penalty is charged on the 31st day after the date of sale. On multiple transfers, penalty is charged exclusively for the last transfer.

**NOTE:** Applications presented within 30 days of the registration expiration date **must** include the renewal fees.

**31.070 Waiver of Fees and/or Penalties (VC §9562)**

The conditions under which fees and/or penalties may be waived are specific as explained in this section.

*Transfer Applications*

**Penalties only** may be waived upon payment of the registration fees due when the department determines that the penalties accrued **prior to** the date the transferee (including a dealer) purchased the vehicle **and** the transferee was not aware that the fees for the current or prior registration years were unpaid and due. (VC §9562a)

**Registration fees and penalties** may be waived **only** when the department determines that the registration fees became due **prior to** the transferee's (including a dealer) purchase date **and** the transferee was not aware that the fees were unpaid and due. The license plate assigned to the vehicle **must display** a valid year sticker issued by the department that matches the year for which the transferee is requesting a waiver of fees and penalties. (VC §9562c)

**31.070 Waiver of Fees and/or Penalties, continued**

A Statement of Facts (REG 256) stating the sticker number on the license plate and that the transferee was not aware the fees were unpaid and due **must be** submitted with the application.

*Other Applications*

**Penalties only** may be waived upon payment of the registration fees due when the department determines that the penalties accrued through no fault or intent of the owner. (VC §9562b)

**Registration fees and penalties** may be waived **only** when the department determines the registration fees became due **prior to** the applicant's purchase/transfer date **and** the license plate assigned to the vehicle displays a current validation sticker which matches the year for which fees are in question. The transfer fee and any other fees due **must be** paid. If a current validation sticker is not displayed on the license plate, all registration fees due **must be** paid and **only** the penalties may be waived.

A Statement of Facts (REG 256) stating the sticker number on the license plate and that the applicant/dealer was not aware of any unpaid fees and penalties **must be** submitted with the application.

**Waiver of Penalties on Vehicles Sold at Wholesale Auction (VC §9561.5)**—The department shall waive any penalties due for late payment of registration renewal fees on a vehicle if all of the following criteria are met:

- The vehicle is sold through a dealer conducting a wholesale motor vehicle auction as provided in *Vehicle Code* §4456(b).
- Immediately prior to the sale the vehicle was registered as a leased vehicle.
- Delivery of the vehicle to the dealer conducting the wholesale motor vehicle auction is not later than 25 days after the termination of the lease.
- The date of termination of the lease and the date of delivery to the auction is reported on the application for registration or transfer and registration. This may be done on a Statement of Facts (REG 256) submitted with the application.

**Stolen or Embezzled Vehicles (VC §4605; R&TC §10858)**—Fees or penalties **shall not** accrue as a result of operation of the stolen/embezzled vehicle. The department may waive the renewal fees and penalties as follows:

- When the stolen or embezzled vehicle is subsequently recovered by the owner **and** the vehicle **was not** operated between the date the registration expired and the theft/embezzlement date. The current renewal fees become due upon return of the stolen/embezzled vehicle to the owner's possession and those fees or a PNO must be filed within 20 days of that date. A Stolen or Embezzled Vehicle Certification (REG 256A) must be submitted with the application.



**31.070 Waiver of Fees and/or Penalties, continued****Stolen or Embezzled Vehicles, continued**

- When an application for “title only” of an unrecovered stolen or embezzled **new** (unregistered) vehicle is presented.
- When an application for a “transfer only” of an unrecovered stolen or embezzled **used** vehicle is presented.

**31.075 Certificate of Non-Operation**

The Certificate of Non-Operation (CNO–REG 102) for a vehicle may be signed by the vehicle owner **or** the person in possession of the vehicle and/or who has knowledge of the vehicle’s non-operation. A CNO **cannot be** signed by power of attorney and **cannot be** used when the vehicle **is** required to be currently registered or have a PNO status on record.

A CNO may be submitted for any period of past time, **not** future time, and **must** cover the beginning and ending dates of the period in question.

<b>EXCEPTION:</b> The CNO ending date for a PYR vehicle may be up to 30 days beyond date the fees are paid (“Date Fees Received”).
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A CNO **is acceptable** for:

- Vehicles exempt from the PNO requirements.
- Qualified PYR vehicles.
- Vehicles deleted from apportioned registration.
- Registration of vehicles no longer on department’s database (unavailable records).

A CNO **is required** for:

- Commercial vehicles going from PNO status to registered status when the date of operation is a future date. The CNO date can be up to 75 days beyond the Date Fees Received.
- PYR vehicles applying for PNO status. The CNO date can be up to 30 days beyond the “Date Fees Received” for PYR vehicles.

**31.075 Certificate of Non-Operation, continued**

A CNO is **not** required:

- From the owner who traded the vehicle to the dealer.
- For a vehicle held in the dealer's inventory or transferred between dealers if the application contains evidence that the registration was valid when sold by the registered owner to the dealer. Evidence of valid registration could be the date of release on the title or bill of sale prior to the registration expiration date.
- For a vehicle moved out of state on a trailer or with a moving permit, but **not** registered in another state, that returns to California in a subsequent registration year. A Statement of Facts (REG 256) with the dates the vehicle left and returned to California must be part of the application. Fees **must be** paid prior to the entry into California unless the vehicle reenters on a trailer or with a permit.
- For a vehicle moved out-of-state on a trailer or with a moving permit, but **not** registered in another state, that returns to California in the same registration year.

**Trailer Coaches**—A CNO **cannot be** used for a trailer coach, **unless** it was:

- unoccupied and held as part of a dealer's or manufacturer's inventory for sale.
- moved in conformance with the *Vehicle Code* provisions relating to dealers, manufacturers, or transporters. (VC §§11715 and 11716)
- destroyed by fire, flood, or other disaster.
- located outside of California.
- owned by a member of a military service and located on a military installation.
- owned by an Indian while parked off-road on a Federal Indian Reservation or Rancheria.
- located in a federal enclave (Cabrillo National Monument [except the area within Point Iowa traffic circle], Fort Point National Historic Site, Lassen Volcanic National Park, Sequoia Kings Canyon National Park, or Yosemite National Park.).

**NOTE:** Vehicles towed on a highway by a tow vehicle pursuant to a court order or order of a peace officer are exempt from registration and license fees. (VC §4000) The sheriff, marshall, or peace officer who authorized the movement must complete a statement giving the authority for movement. This statement may be on the Certificate of Non-Operation (REG 102) or on a Statement of Facts (REG 256).

**31.080 Certificate of Planned Non-Operation (VC §§4604, 4604.5, and R&TC §10856)**

The vehicle owner is responsible for either filing a Certificate of Planned Non-Operation (PNO—REG 102) when his/her vehicle is not to be operated **or** renewing the registration. A PNO **must** be filed by midnight of the registration expiration date to avoid a PNO late penalty, but may be filed as early as 60 days prior to the current registration date.

A new PNO **is not** required to be filed each year, but renewal fees **must be** paid on or prior to the date of first operation to avoid a penalty.

**NOTE:** Vessels and trailer coaches **must be** currently registered at all times regardless of use.

The PNO may be filed up to 90 days after the registration expiration date if the vehicle has **not** been operated in any manner, but a late PNO penalty is due in addition to the PNO fee.

**PNO Exceptions (VC §4604[d])**—PNO requirements **do not** apply to vehicles:

- which expire while in a dealer's, lessor-retailer's, or manufacturer's inventory **or** while being held pending a lien sale by a garage keeper or towing service operator. (Refer to **Dealer, Lessor-Retailer, Manufacturer Inventory Vehicles** or **Lien Sale Vehicles** in this section.)
- registered as part of an apportioned fleet **or** on a partial-year registration (PYR) basis.
- of historic interest/value as described in VC §§5004, 5004.5, 5004.6, or 5051. (Refer to **Historical Interest Vehicles** in this section.)
- identified as Special Equipment.
- which are stolen and unrecovered.
- registered out of state.

**Apportioned Registration (IRP) Vehicles**—IRP vehicles are subject to PNO **only** if deleted from the fleet and subsequently registered in California on a full-year or PYR basis. A CNO from the date of deletion is acceptable.

**Dealer, Lessor-Retailer, Manufacturer Inventory Vehicles (VC §4604)**—A PNO (or Certificate of Non-Operation [CNO]) is not required for a vehicle or trailer coach when the registration expires while being held in the inventory of a dealer, lessor-retailer, or manufacturer **or** when transferred between dealers, if the application contains evidence that the registration was valid when the registered owner sold the vehicle/trailer coach to the dealer, lessor-retailer, or manufacturer. Acceptable evidence could be the date of release on the title, power of attorney, or bill of sale dated prior to the last expiration date.

**NOTE:** Vehicles on consignment, including those consigned to an auctioneer, **are not** exempt from PNO requirements.

**31.080 Certificate of Planned Non-Operation, continued**

Penalties continue to accrue on vehicles that enter a dealer's inventory with expired registration. The penalty **is not** frozen at the penalty rate due at time the vehicle entered the dealer's inventory unless the fees and penalties due are posted during that penalty rate period. The fees for a vehicle that expires while in a dealer's inventory are due upon sale of the vehicle and **must be** paid within 30 days to avoid penalties. If sold more than once, fees are due within 30 days of the first sale date.

**Dishonored Checks**—The PNO application is canceled if the PNO fee is paid by dishonored check and the applicant **must** register the vehicle or file a new PNO. If a new PNO is submitted

- **prior to** the vehicle's registration expiration date, only the PNO fee is due.
- **within 90 days after** the expiration date, the PNO fee and PNO penalty are due.
- **91 or more days after** the expiration date, the vehicle **must be** registered and full-year fees and penalties are due.

**Historical Interest Vehicles (VC §§5004, 5004.5, and 5051)**—PNO requirements **do not** apply to a historical vehicle as defined in the *California Vehicle Code* sections referenced, which are **not being operated**.

**Lien Sale Vehicles (VC §4604)**—A PNO or a CNO **are not** required for a vehicle on which the registration expires while being held pending a lien sale by the keeper of a garage or the operator of a towing service.

**Unavailable Records**—A vehicle verification is required before a PNO application can be accepted for a vehicle for which there is no record in the department's database (unavailable records), **unless** a California title in the applicant's name is presented.

**Vehicles Registered Under the Partial Year Registration (PYR) Program (VC §9706[d])**—The PNO for a vehicle last registered PYR and **not** operated in the following year **must be** filed by December 31 of that following year.